



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/21/2007

GAIN Report Number: SP7034

Spain

Fresh Deciduous Fruit

Annual

2007

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Report Highlights:

Spanish pear and table grape exporters will likely export at a record-low pace during marketing year 2007. Spanish apple traders will likely maintain last year's import/export levels, leaving open potential new opportunities for U.S. apple exporters in the northern European market resulting from production difficulties in Poland.

European policy makers have decided reform for the deciduous fruit sector and have implemented orchard/vineyard restructuring programs that conjointly will likely improve domestic fruit consumption and Spanish export prospects.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1]
[SP]

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Executive Summary

The European Commission's (EC) reform of the Common Market Organization (CMO) and implementation of the Orchard Rejuvenation Program (ORP) (GAIN SP6010 and SP6011) will greatly influence the future of deciduous fruit production and processing. The EC's move to encourage the planting of new and more desirable fruit varieties through the ORP and to subsidize producers with a single farm payment, increase domestic fruit consumption, and mitigate producer income fluctuations through augmented Producer Organization (PO) influence will likely increase the competitiveness of fruit producers in the internal EC market and in export markets in years to come.

In this report, we present a series of graphs that clearly demonstrate Spanish deciduous per capita fruit consumption and exports declining. With the intention to prop-up European domestic fruit consumption, the EC will likely decide in 2008 to initiate a new program to promote fruit consumption in schools. The EC argues that on average only Greek and Finnish consumers eat the World Health Organization's recommended 400 grams of fruits and vegetables per day. Long term, if the EC can initiate such a program to promote European fruit and vegetables consumption, it alone could lead to a substantial increase in deciduous fruit demand. Spanish producers have much to gain, because, apart from the potential increase in domestic fruit consumption, they export major quantities of deciduous fruit to other European Member country consumers.

During MY 2007, we are forecasting record-low pear and table grape exports. Apart from the trend to produce fewer pears and table grapes, and while much of Spain has been very dry during the summer and fall of calendar year 2007, the table grape growing regions took on near-tropical storm weather in late summer, which diminished the exportable surpluses.

In spite of the export opportunities presented by a reported production shortfall in Poland (Gain PL7053), we do not expect Spanish apple exporters to be in a position to increase exports to the northern European markets normally served by Polish producers. Spanish apple producers will likely harvest this year about 660,000 tons, about the same as during MY 2006, and not enough to increase year-on-year exports.

Note: We have revised and updated our supply and demand tables for apples/juice, pears, and table grapes through MY 2000. The graphs and the supply and demand tables included in this report are based on those updated estimates.

Commodity name: Apples, Fresh

Production, Supply & Distribution Table

PSD Table										
Country	Spain									
Commodity	Apples, Fresh									
	2005			2006			2007			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin	07/2005		07/2005	07/2006		07/2006	07/2007		07/2007	MM/YYYY
Area Planted	47000	47000	39000	47000	47000	39000	0	0	39000	(HA)
Area Harvested	45000	45000	37800	45000	45000	37800	0	0	37800	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Commercial Production	709900	706900	712000	650000	657500	607800	0	0	610000	(MT)
Non-Comm. Production	60000	63000	62200	60000	58600	52900	0	0	55000	(MT)
Production	769900	769900	774200	710000	716100	660700	0	0	665000	(MT)
Imports	196758	219000	203258	220000	230000	209057	0	0	200000	(MT)
Total Supply	966658	988900	977458	930000	946100	869757	0	0	865000	(MT)
Fresh Dom. Consumptio	680000	698171	658664	675000	698000	631947	0	0	635000	(MT)
Exports, Fresh	150879	130000	152890	110000	120000	113508	0	0	110000	(MT)
For Processing	132779	150000	154671	142800	122000	120800	0	0	118000	(MT)
Withdrawal From Market	3000	10729	11233	2200	6100	3502	0	0	2000	(MT)
Total Distribution	966658	988900	977458	930000	946100	869757	0	0	865000	(MT)

FAS/Madrid uses the following sources for all of the tables and graphs in this report, unless otherwise indicated:

Area Planted/Area Harvested: Spanish Ministry of Agriculture (MAPA) through 2005 and FAS/Madrid MY 2006 and 2007.

Fresh Fruit Production: MAPA through MY 2006 and FAS/Madrid in MY 2007.

Import/Export: GTA through MY 2006 and FAS/Madrid MY 2007.

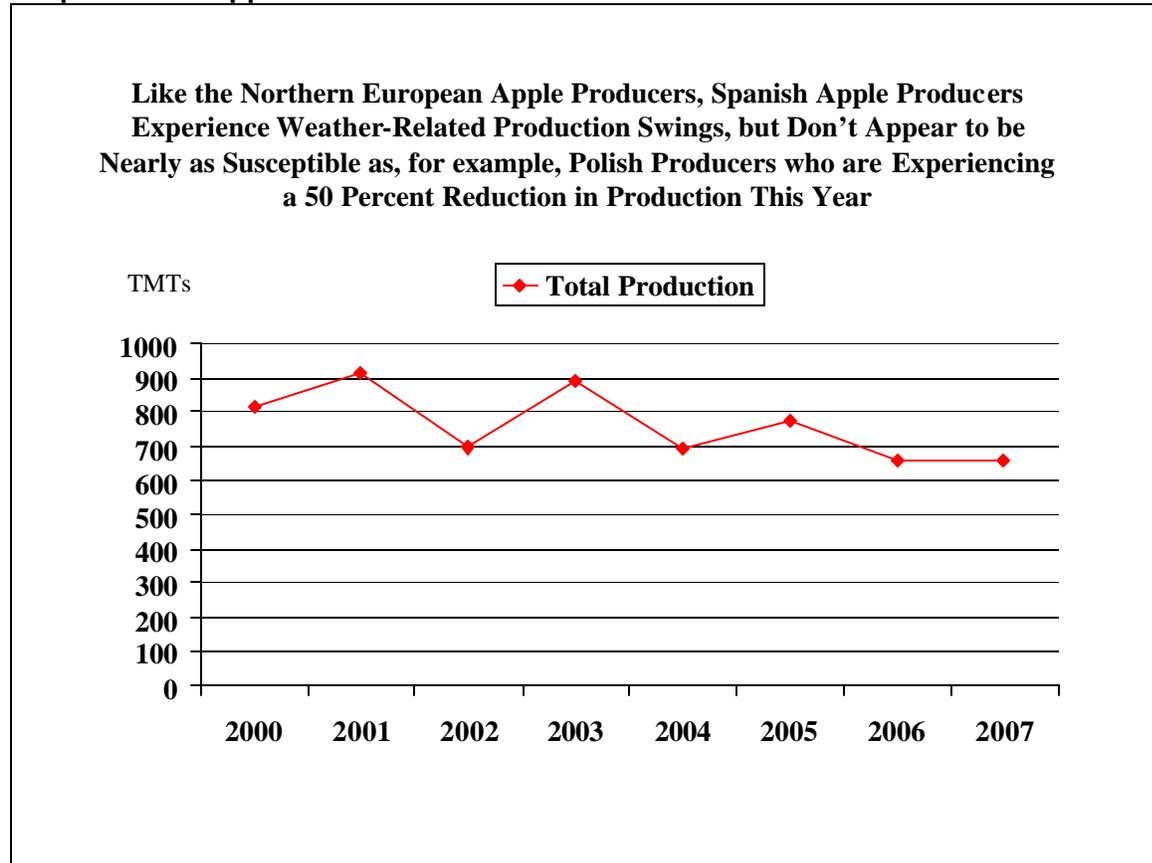
For Processing and Withdrawal: MAPA through MY 2005 and FAS/Madrid MY 2006 and 2007.

Apple Juice Production and Fresh Domestic Consumption: FAS/Madrid.

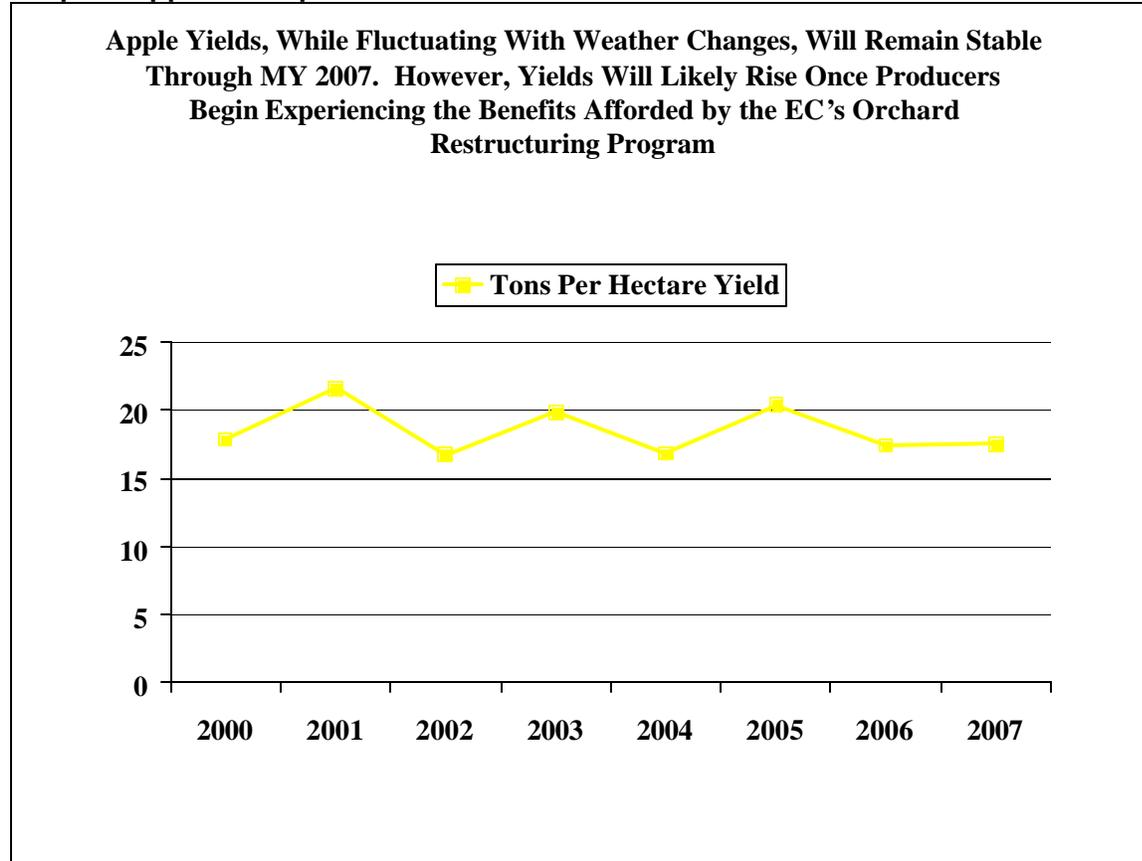
Note: We have updated the area planted and harvested to correspond to the latest MAPA data.

Production

Graph – Total Apple Production

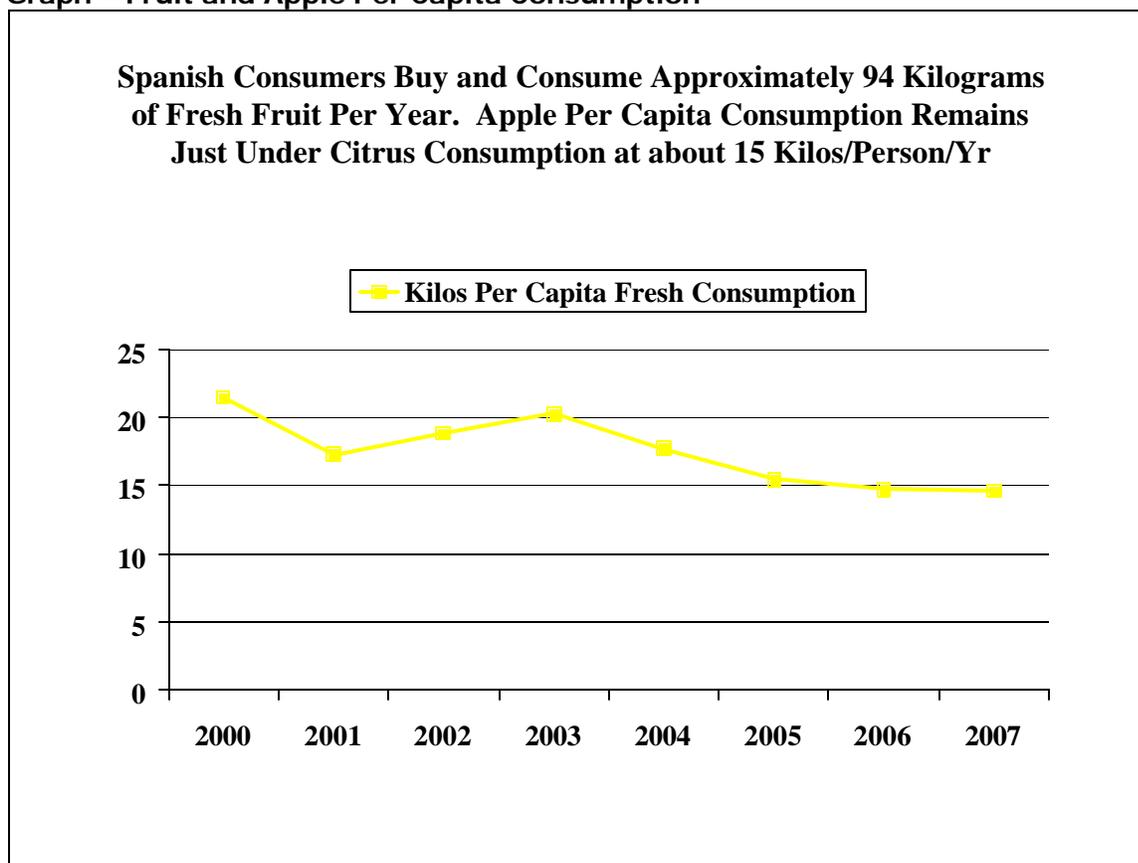


Graph – Apple Yield per Hectare



Consumption

Graph – Fruit and Apple Per Capita Consumption



According to MAPA's most recent *Panel de Consumo* (May 2007), Spanish household annual consumption of fresh fruit is 94 kilos per person. Citrus remains the most favored, with deciduous fruit a close second, mainly from apple and pear consumption.

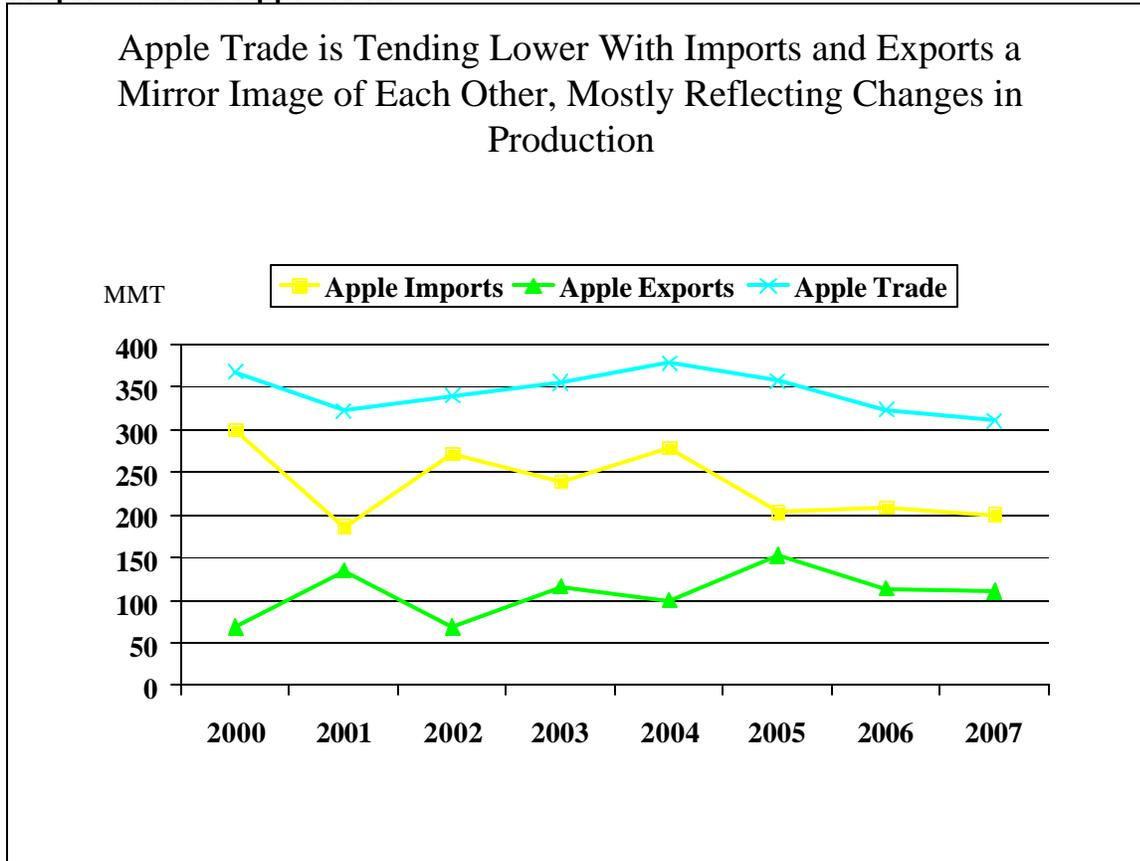
Policy

Spanish deciduous fruit producers may benefit from a recently proposed program (with an 8 million Euro budget) to provide fruit and vegetables for consumption in European school-lunch programs. Program evaluation for cost measures is ongoing, but we believe that the EC will make the program operational in 2008.

European consumers including the Spanish, other than the Finns and Greeks, do not eat the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO) recommended 400 grams/day. Spain currently promotes the consumption of fruits and vegetables in schools through the "five a day" (servings) program.

Trade

Graph – Overall Apple Trade



Trade Matrices

Import Trade Matrix**Country**

Spain

Commodity

Apples, Fresh

Time Period

July/June

Units:

Metric Tons

Imports for:

2006

2007

U.S.

U.S.

100

Others

Others

France	79,458	France	70,000
Italy	39,875	Italy	35,000
Chile	24,296	Chile	25,000
Germany	13,914	Portugal	20,000
Argentina	12,592	Germany	15,000
Portugal	10,408	Argentina	12,000
China	8,751	China	10,000
Belgium	5,323	Brazil	5,000
Brazil	4,832		
Total for Others	199,449		192,000
Others not Listed	9,436		7,900
Grand Total	209,057		200,000

Export Trade Matrix**Country**

Spain

Commodity

Apples, Fresh

Time Period

July/June

Units:

Metric Tons

Exports for:

2006

2007

U.S.

U.S.

0

Others

Others

France	35,767	France	36,000
Portugal	22,289	Portugal	25,000
Algeria	10,895	Algeria	12,000
Melilla	6,584	U.K.	8,000
Netherlands	6,057	Melilla	6,000
U.K.	5,490	Netherlands	5,000
Russia	5,105	Russia	5,000
Germany	4,759	Morocco	4,000
Morocco	3,613		
France			
Total for Others	100,559		101,000
Others not Listed	12,949		9,000
Grand Total	113,508		110,000

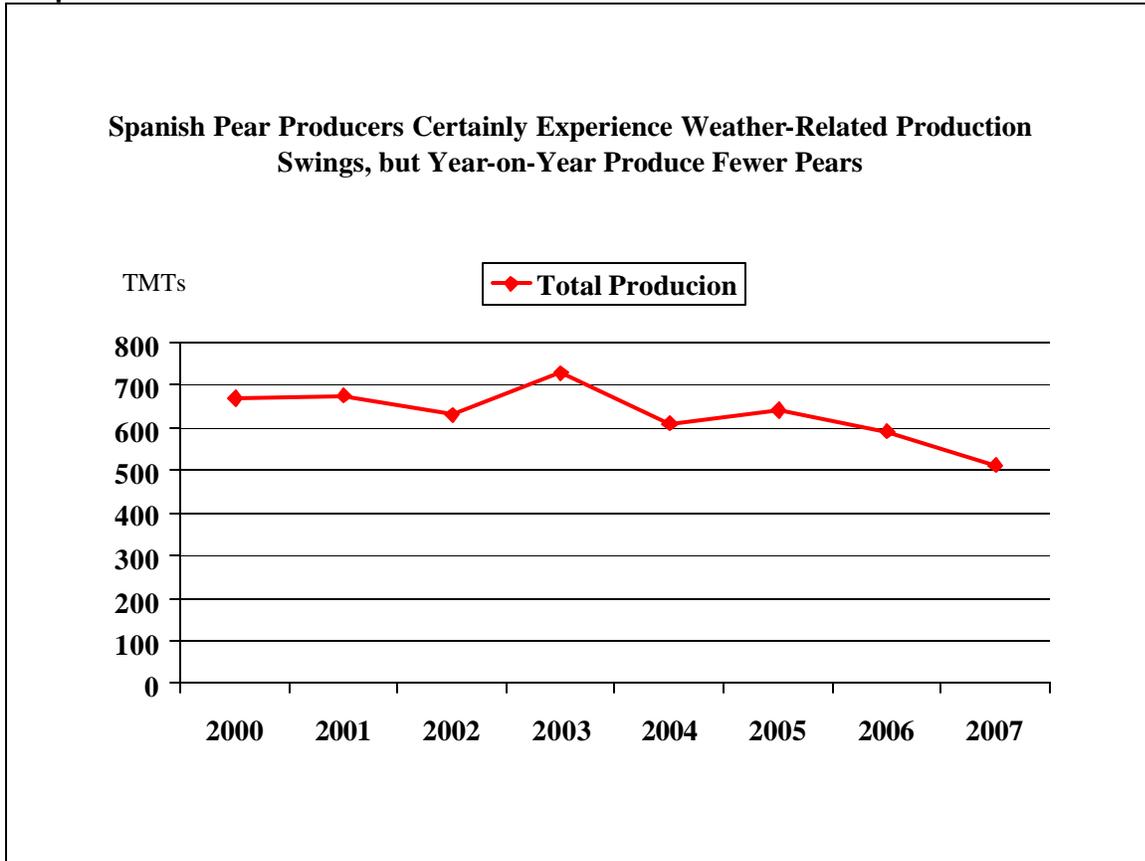
Commodity name: Pears, Fresh

Production, Supply & Distribution Table

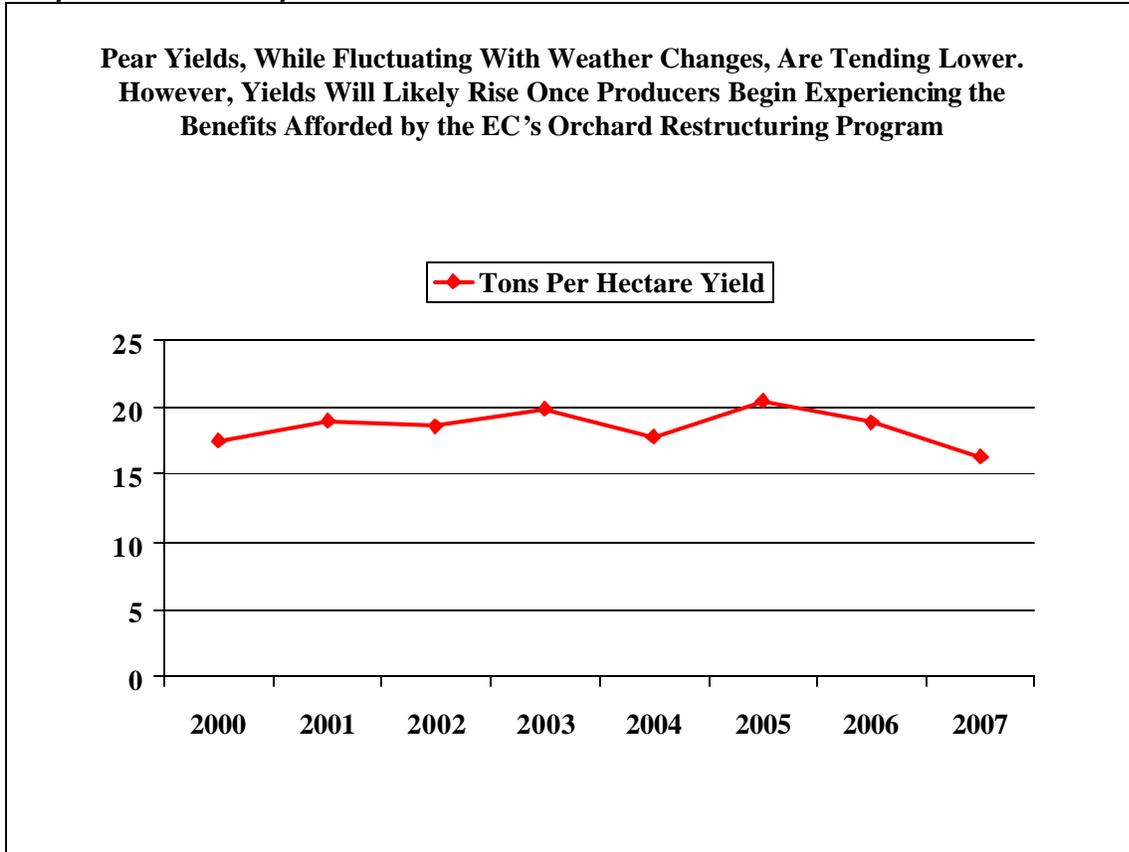
PSD Table										
Country	Spain									
Commodity	Pears, Fresh									
	2005	Revised		2006	Estimate		(HA)(1000 TREES)(MT)			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Planted	38136	38136	33500	38136	38136	33500	0	0	33500	(HA)
Area Harvested	36699	36699	31300	36699	36699	31300	0	0	31300	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Commercial Production	626000	626000	614800	566000	580400	566000	0	0	490800	(MT)
Non-Comm. Production	26000	26000	25000	24000	23700	24000	0	0	20000	(MT)
Production	652000	652000	639800	590000	604100	590000	0	0	510800	(MT)
Imports	35472	35000	36158	29900	40000	43172	0	0	39000	(MT)
Total Supply	687472	687000	675958	619900	644100	633172	0	0	549800	(MT)
Fresh Dom. Consumptio	460000	459394	427362	433000	450000	455887	0	0	410800	(MT)
Exports, Fresh	158803	150000	159408	128900	127100	119670	0	0	100000	(MT)
For Processing	55000	56000	67582	50000	55000	50000	0	0	35000	(MT)
Withdrawal From Market	13669	21606	21606	8000	12000	7615	0	0	4000	(MT)
Total Distribution	687472	687000	675958	619900	644100	633172	0	0	549800	(MT)

Production

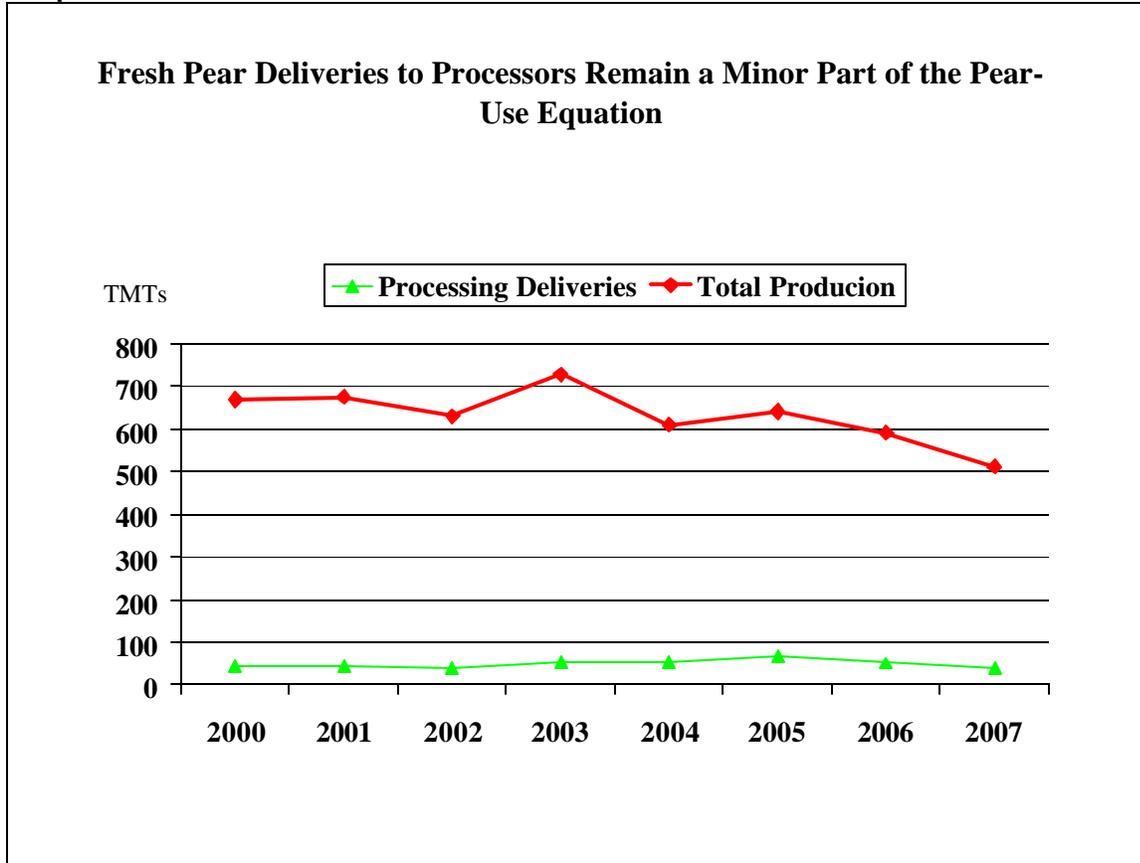
Graph – Pear Production



Graph – Pear Yield per Hectare

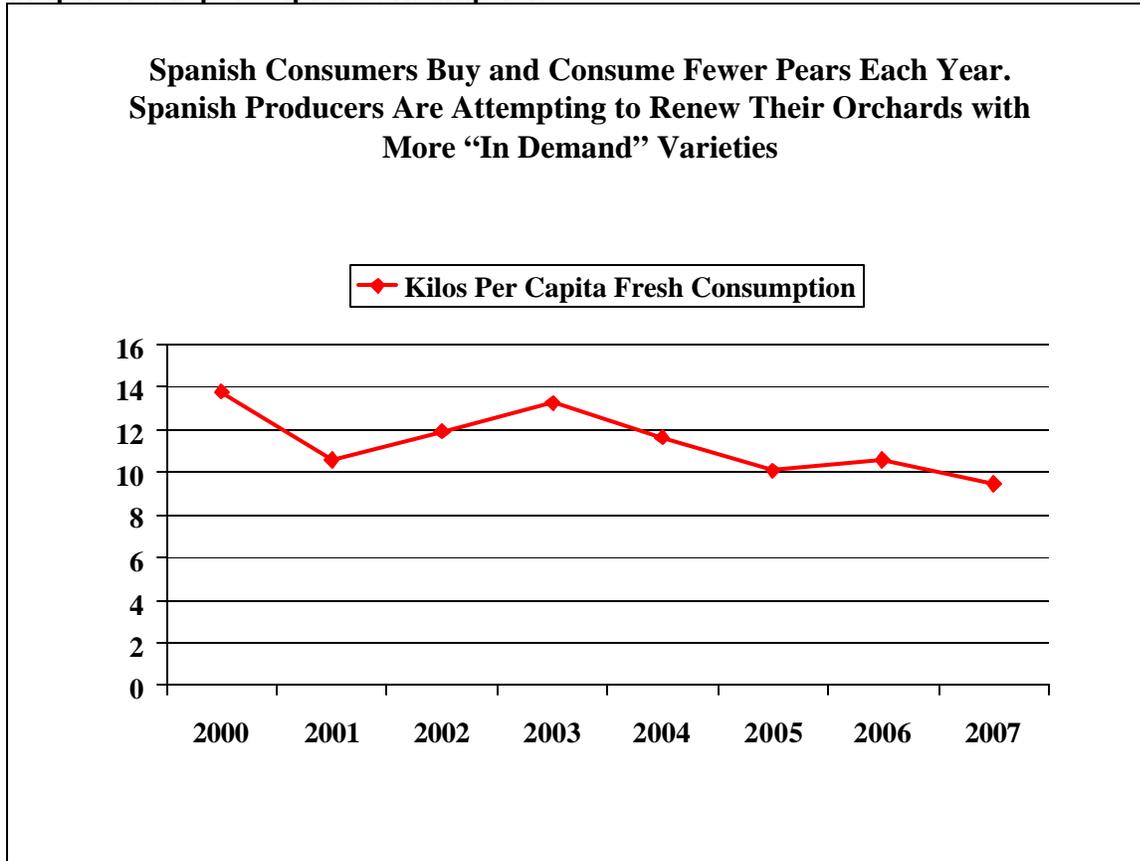


Graph – Pear Deliveries to Processors



Consumption

Graph – Pear per Capita Consumption

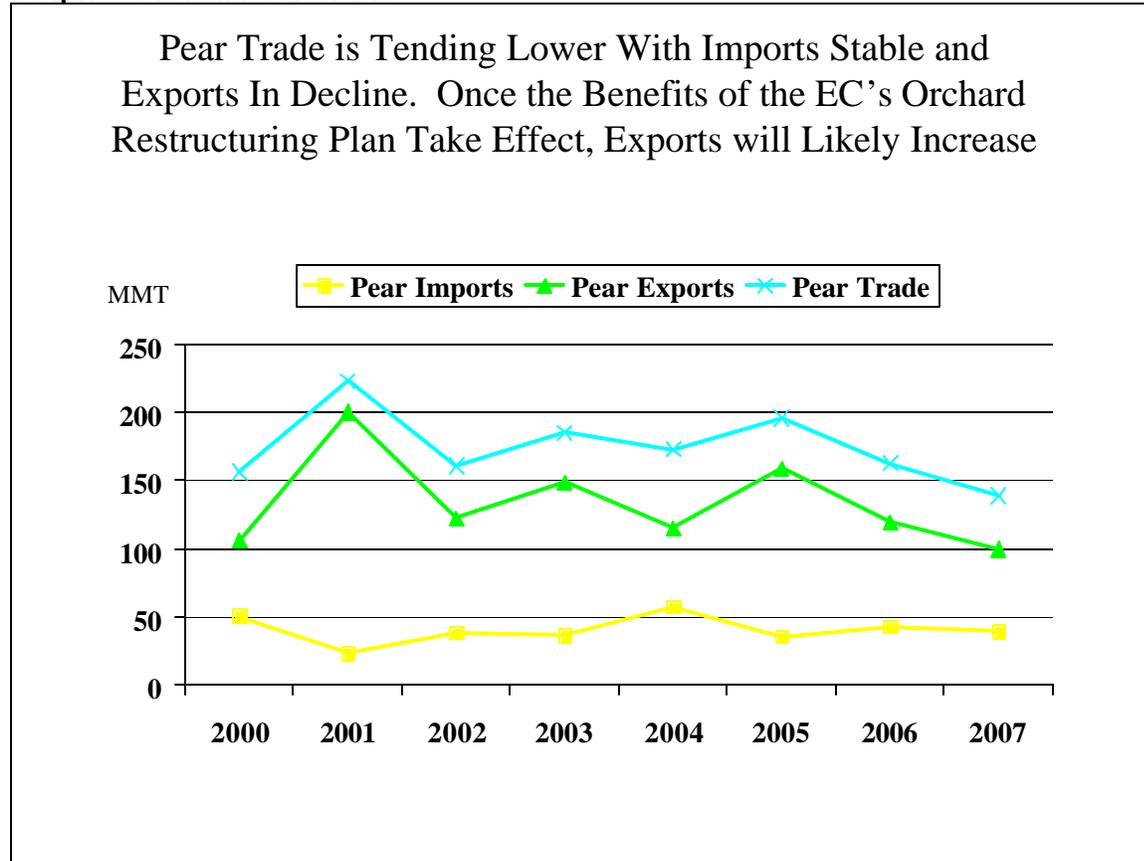


Policy

As established earlier this year by the EC, Spanish pear producers (*Williams variety for processing*) will receive 161.7 Euros/MT during MY 2007. In this campaign producers continue to receive these subsidies because last year’s production did not surpass the EC threshold and because the Spanish will not implement CMO reform until 2008.

Trade

Graph – Overall Pear Trade



Trade Matrices

Import Trade Matrix**Country**

Spain

Commodity

Pears, Fresh

Time Period

Jul/June

Units:

Metric Tons

Imports for:

2006

2007

U.S.

U.S.

0

Others

Others

Belgium	16,397	Belgium	15,000
Netherlands	8,134	Netherlands	10,000
Argentina	7,007	Argentina	6,000
Chile	4,935	Chile	3,000
France	1,777	Portugal	2,000
Portugal	1,522	Germany	1,000
Germany	1,401	France	800
Italy	714		
China	696		
Total for Others	42,583		37,800
Others not Listed	589		1,200
Grand Total	43,172		39,000

Export Trade Matrix**Country**

Spain

Commodity

Pears, Fresh

Time Period

Jul/June

Units:

Metric Tons

Exports for:

2006

2007

U.S.

U.S.

0

Others

Others

Italy	30,989	Italy	30,000
Germany	17,638	Germany	20,000
France	15,156	France	15,000
Russia	11,383	Belgium	10,000
Portugal	11,202	Russia	8,000
Belgium	6,854	Poland	5,000
Brazil	4,196	Portugal	4,000
Poland	3,347		
Total for Others	100,765		92,000
Others not Listed	18,905		8,000
Grand Total	119,670		100,000

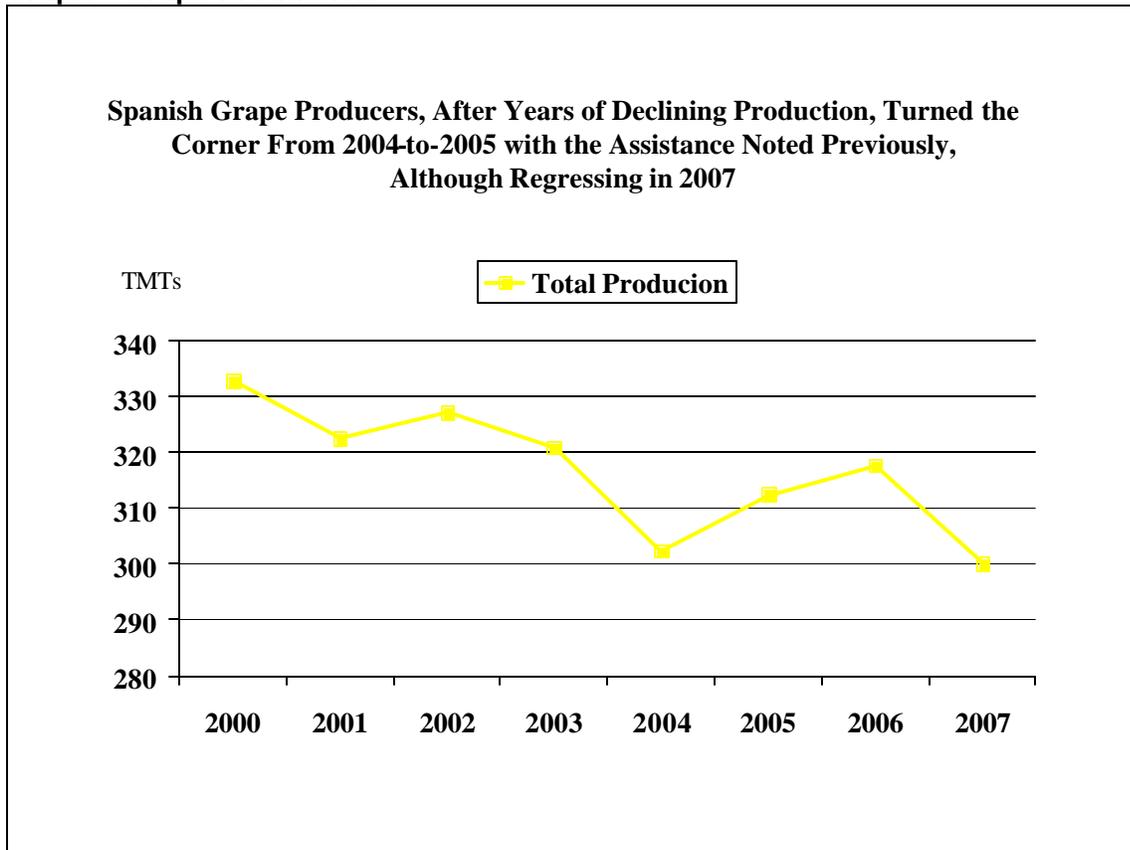
Commodity name: Table Grapes, Fresh

Production, Supply & Distribution Table

PSD Table											
Country	Spain										
Commodity	Grapes, Table, Fresh										
	2005	Revised		2006	Estimate		(HA)(MT)	2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New		
Market Year Begin		07/2005	01/2006		07/2006	01/2007		07/2007	01/2008		MM/YYYY
Area Planted	23773	23773	21400	23773	23773	21400	0	23773	21400		(HA)
Area Harvested	22711	22711	20700	22711	22711	20700	0	22711	20700		(HA)
Commercial Production	299900	299900	302300	307600	307600	307600	0	295000	290000		(MT)
Non-Comm. Production	9300	9300	10000	10000	10000	10000	0	10000	10000		(MT)
Production	309200	309200	312300	317600	317600	317600	0	305000	300000		(MT)
Imports	28680	28680	33408	28000	28000	31573	0	28000	30000		(MT)
Total Supply	337880	337880	345708	345600	345600	349173	0	333000	330000		(MT)
Fresh Dom. Consumptio	195000	195000	226589	206000	206000	209518	0	208500	208800		(MT)
Exports, Fresh	123391	123391	109588	115000	115000	128652	0	100000	105000		(MT)
For Processing	19000	19000	9514	24000	24000	11000	0	24000	16000		(MT)
Withdrawal From Market	489	489	17	600	600	3	0	500	200		(MT)
Total Distribution	337880	337880	345708	345600	345600	349173	0	333000	330000		(MT)

Production

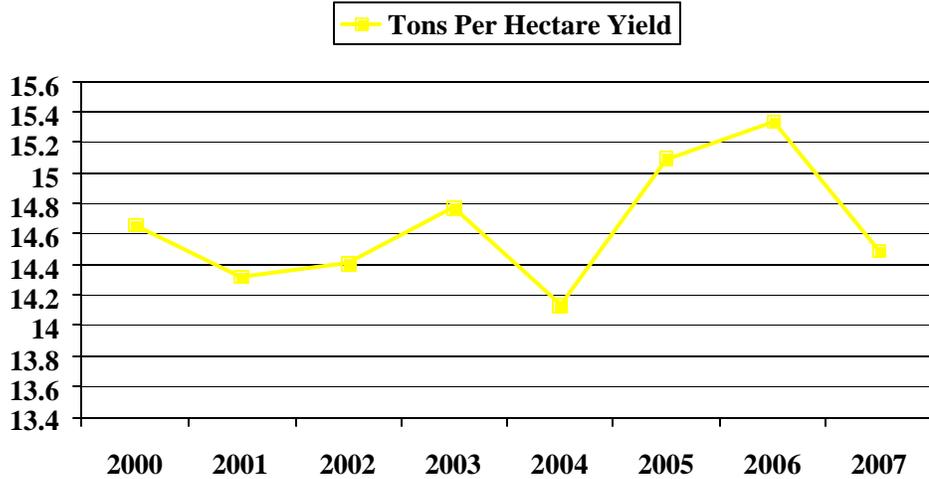
Graph – Grape Production



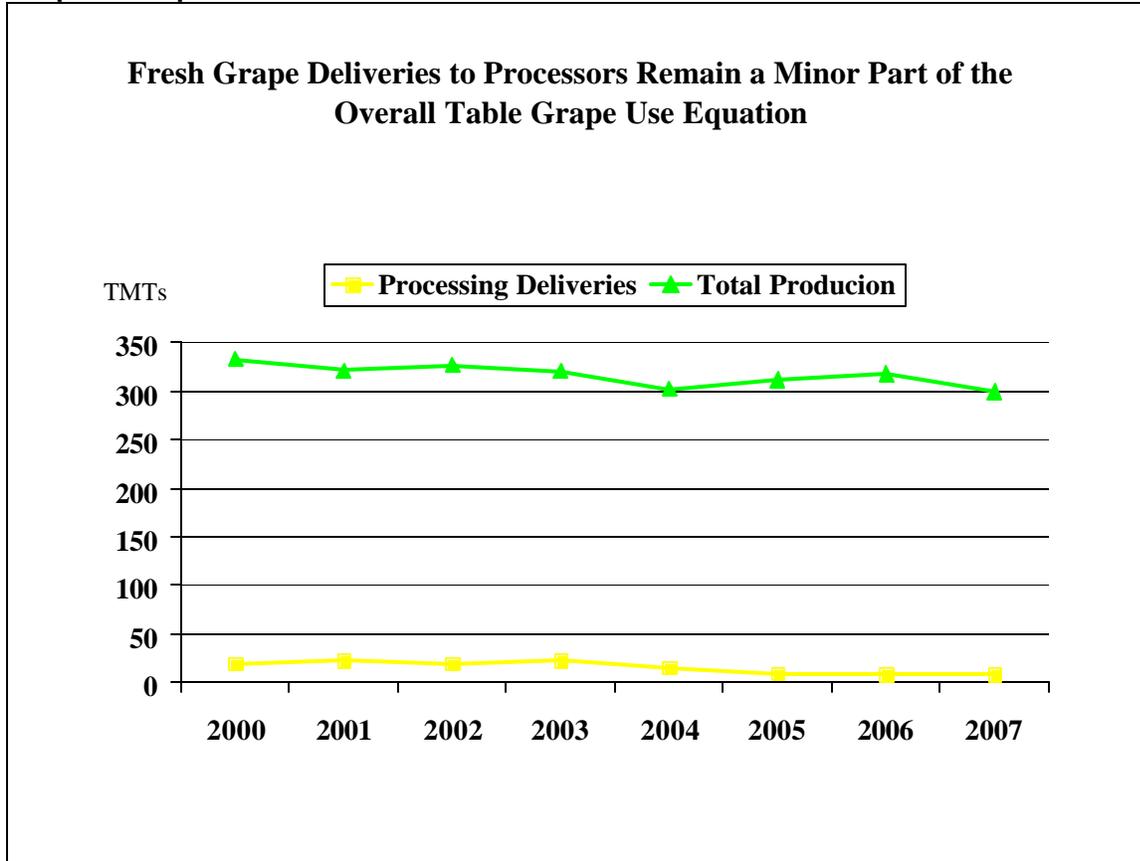
As the graph above demonstrates, Spanish table grape producers will produce fewer grapes this year than at any time since MY 2000 for the reasons noted in the Executive Summary.

Graph – Grape Yield per Hectare

Grape Yields were on the Upswing until 2007, in Part Because of Vineyard Restructuring Program During 2005, but also Because of Subsidized Irrigation Improvements. The 2007 Crop Was Hurt by Heavy Rains Along the Mediterranean Coast As Harvest Approached

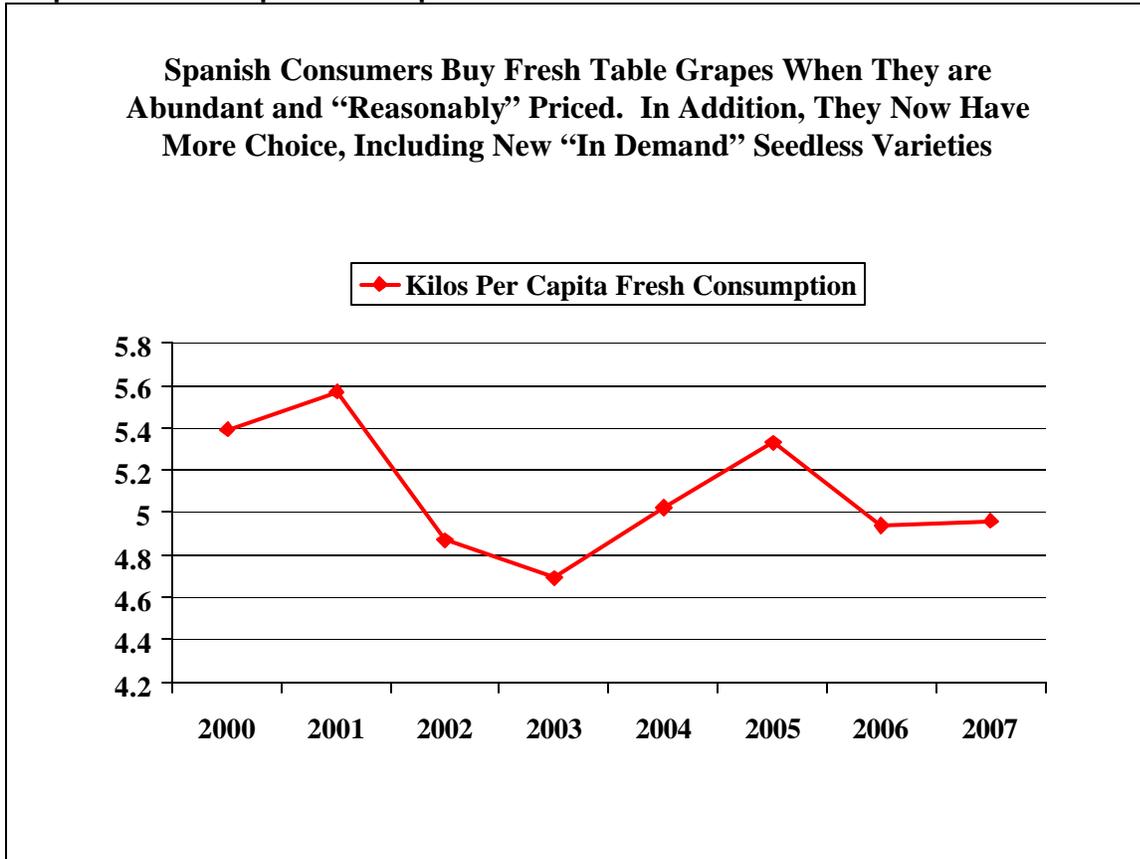


Graph – Grape Deliveries to Processors



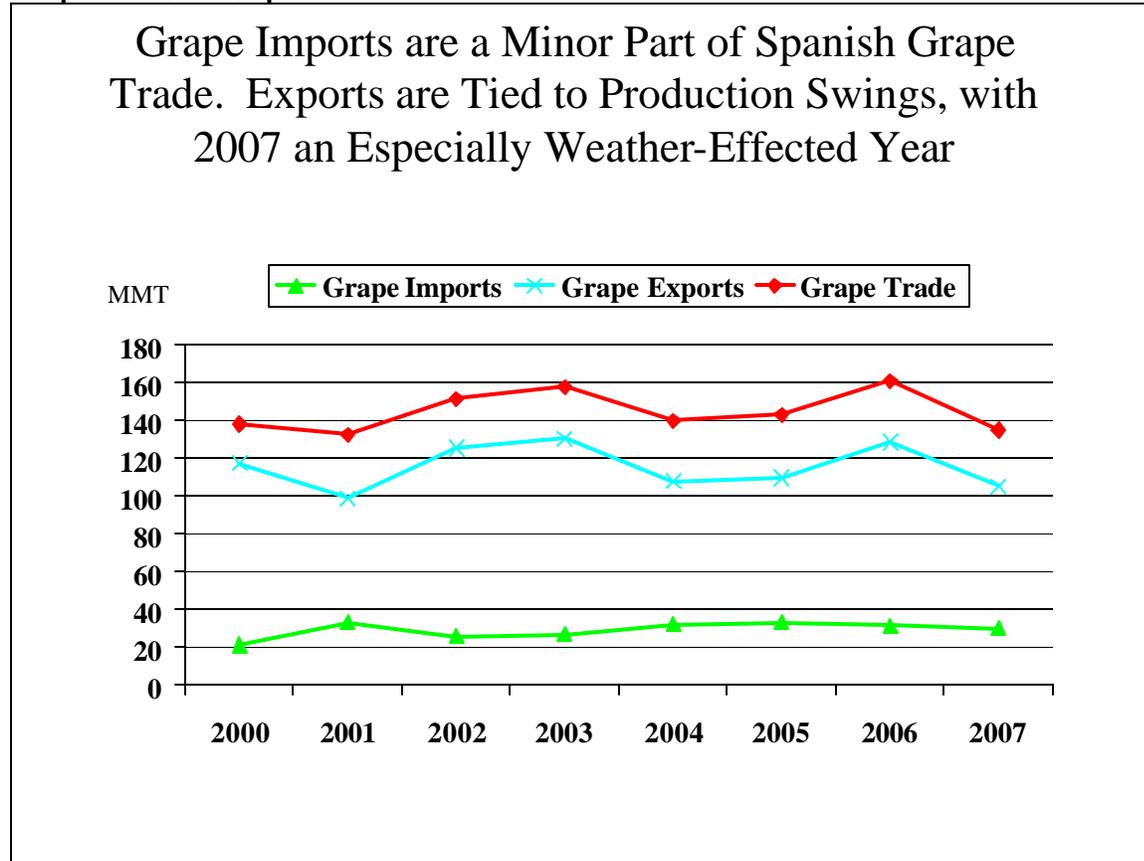
Consumption

Graph – Table Grape Consumption



Trade

Graph – Table Grape Trade



Trade Matrices

Import Trade Matrix**Country**

Spain

Commodity

Grapes, Table, Fresh

Time Period

July/June

Units:

Metric Tons

Imports for:

2006

2007

U.S.

U.S.

0

Others

Others

Chile	11,579	Chile	10,000
Italy	8,482	Italy	9,000
Netherlands	4,721	Netherlands	5,000
S. Africa	2,097	Argentina	2,000
Argentina	1,100	S. Africa	1,000
Peru	948	Peru	800
France	855		
Portugal	605		
Total for Others	30,387		27,800
Others not Listed	1,186		2,200
Grand Total	31,573		30,000

Export Trade Matrix**Country**

Spain

Commodity

Grapes, Table, Fresh

Time Period

July/June

Units:

Metric Tons

Exports for:

2006

2007

U.S.

U.S.

0

Others

Others

U.K.	35,049	U.K.	30,000
Germany	21,978	Germany	20,000
France	19,708	France	20,000
Portugal	18,126	Portugal	15,000
Netherlands	5,790	Netherlands	8,000
Italy	4,358	Italy	4,000
Poland	3,701	Russia	3,000
Russia	2,930		
Estonia	2,417		
Total for Others	114,057		100,000
Others not Listed	14,595		5,000
Grand Total	128,652		105,000

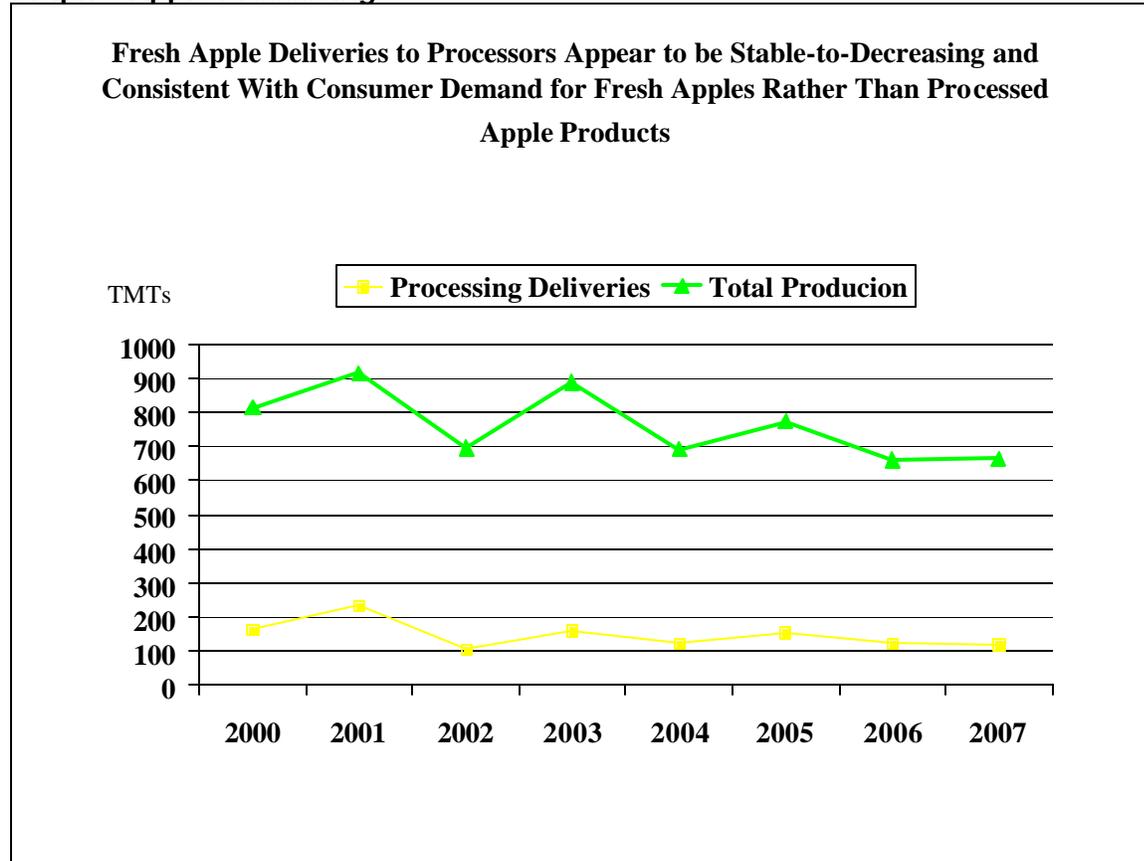
Commodity name: Concentrated Apple Juice, C.A.J.

Production, Supply & Distribution Table

PSD Table										
Country	Spain									
Commodity	Apple Juice, Concentrated									
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Deliv. To Processors	132779	150000	154671	142800	122000	120800	0	113000	118000	(MT)
Beginning Stocks	6863	6863	12370	744	744	4420	1806	1806	242	(MT)
Production	22041	22041	24129	22562	22562	19400	0	17628	19000	(MT)
Imports	13689	13689	15479	20500	20500	25422	0	20000	25000	(MT)
Total Supply	42593	42593	51978	43806	43806	49242	1806	39434	44242	(MT)
Exports	31849	31849	37758	32000	32000	40000	0	28000	32500	(MT)
Domestic Consumption	10000	10000	9800	10000	10000	9000	0	10000	8700	(MT)
Ending Stocks	744	744	4420	1806	1806	242	0	1434	3042	(MT)
Total Distribution	42593	42593	51978	43806	43806	49242	0	39434	44242	(MT)

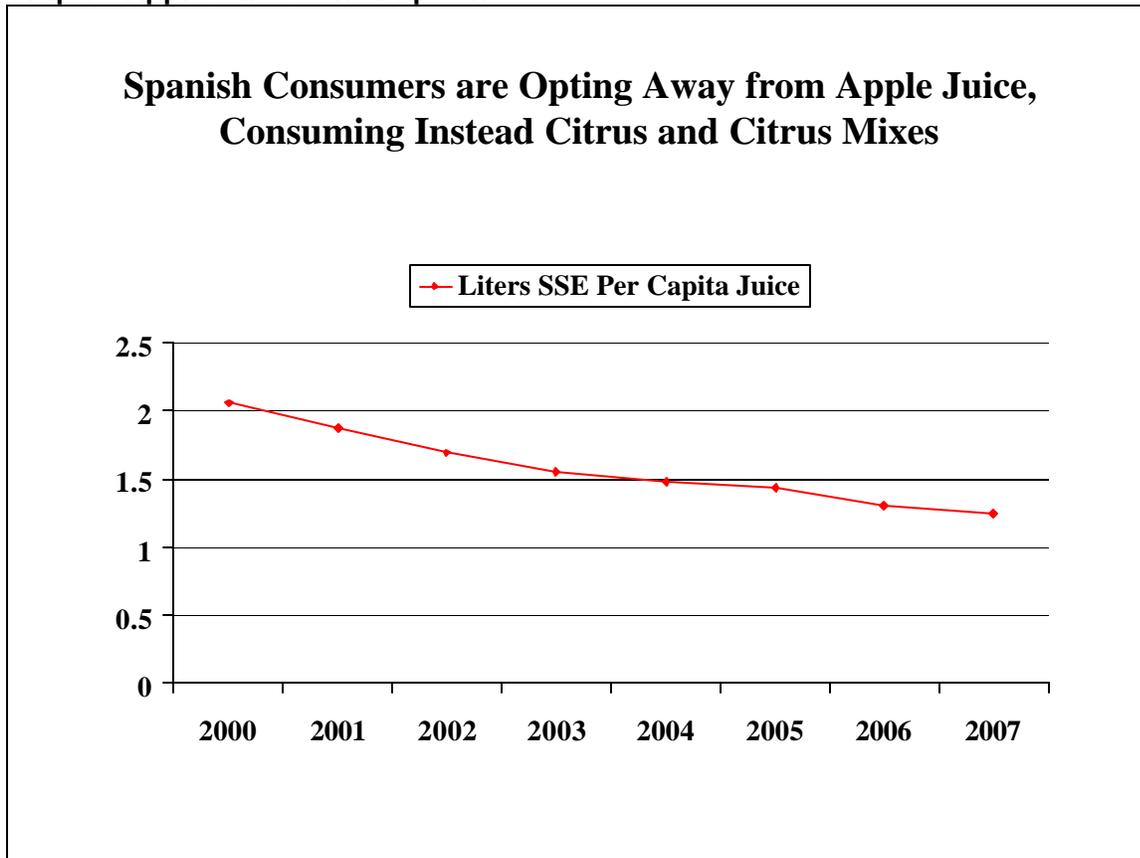
Production

Graph – Apple Processing



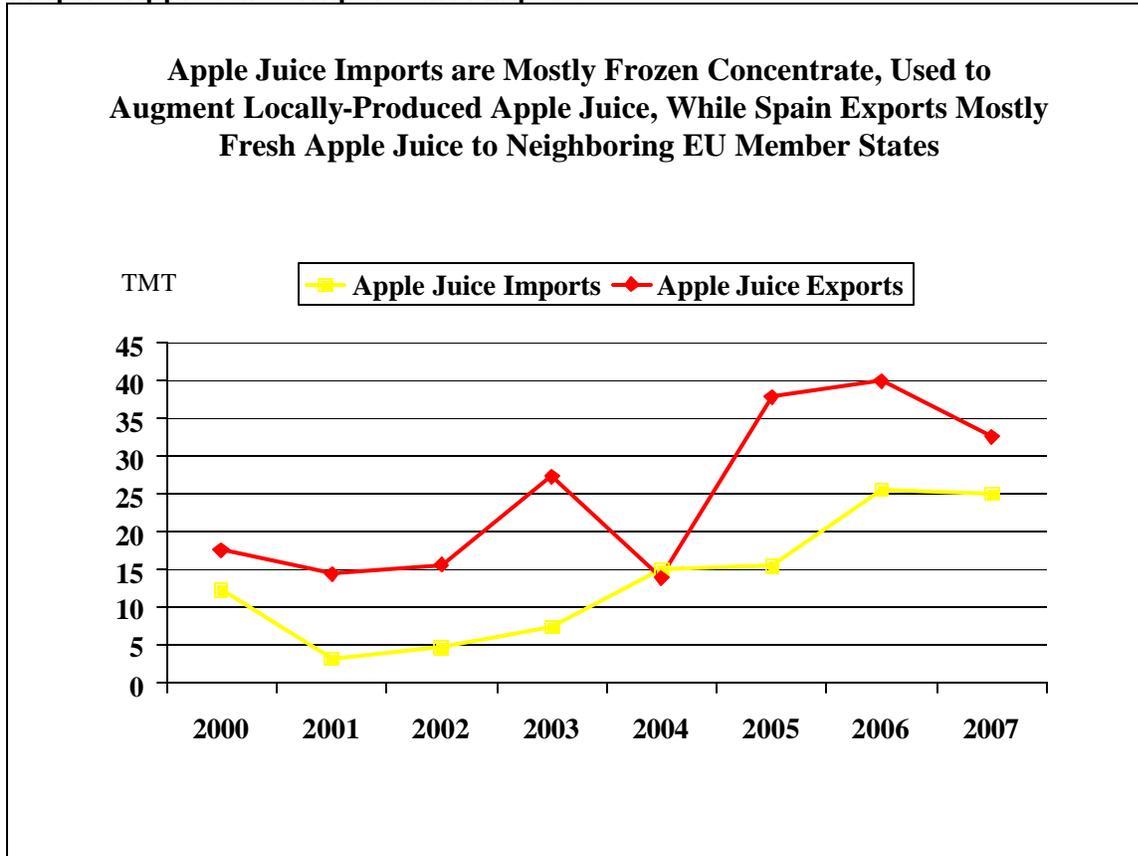
Consumption

Graph – Apple Juice Consumption



Trade

Graph – Apple Juice Imports and Exports



Trade Matrices

Import Trade Matrix**Country**

Spain

Commodity

Apple Juice, Concentrated

Time Period

July/June

Units:

Metric Tons

Imports for:

2006

2007

U.S.

U.S.

0

Others

Others

China	12,172	China	12,000
Germany	4,870	Netherlands	5,000
Netherlands	4,033	Germany	4,000
Austria	1,676	Austria	1,500
Turkey	1,411	Turkey	1,000
Italy	614		
Total for Others	24,776		23,500
Others not Listed	646		1,500
Grand Total	25,422		25,000

Export Trade Matrix**Country**

Spain

Commodity

Apple Juice, Concentrated

Time Period

July/June

Units:

Metric Tons

Exports for:

2006

2007

U.S.

U.S.

0

Others

Others

Ireland	11,320	U.K.	10,000
France	10,117	Germany	9,000
U.K.	9,834	Netherlands	8,000
Portugal	1,846	Ireland	2,000
Netherlands	1,845	Portugal	1,500
Germany	1,812		
	1,015		
Total for Others	37,789		30,000
Others not Listed	2,063		2,000
Grand Total	40,000		32,500